quirements. It would seem that the advocates of a policy which depended for its effectiveness upon the voluntary action of labor and management should have tried to enhance its acceptability by affording these groups an opportunity to participate in its formulation. Yet, there is no evidence that representatives of labor and management, or even the President's Advisory Committee on Labor-Management Policy, participated in the formulation of the original guideposts in 1962 or in their subsequent elaboration.

As a consequence, both the AFL–CIO and spokesmen for various industry groups have attacked the guidepost policy. Secretary of Labor Wirtz, before this committee, has said that it seemed to them to constitute stabilization without representation.

The failure to recognize the necessity for participation of the major interests affected by the guidepost policy in its formulation is due in my opinion to the somewhat technocratic attitude of the Kennedy and Johnson administrations toward the policy. President Kennedy most clearly expressed this attitude in his celebrated 1962 commencement address at Yale University when he called for "more basic discussion of the sophisticated and technical questions involved in keeping our mighty economic machine moving steadily ahead." The present Council is fond of speaking about the "arithmetic" of the guideposts. But in truth, the problems of stabilization are not merely "sophisticated" and "technical" and arithmetic alone will not solve them.

The participation of labor and management in the formulation and administration of a wage-price policy may nevertheless be unnecessary, if general agreement existed on what this policy should be and how it should be applied. But I need not tell the members of this committee that there is no such consensus.

Probably all of us agree that full employment, rapid economic growth, and price stability are desirable. We may also agree that uncontrolled inflation of long duration not only will interfere with the process of production itself and jeopardize the possibility of full employment, but also will result in inequities that may threaten to undermine our social and political structure. But there is no agreement about how much price instability at any particular time may be tolerated in the interest of fuller employment or for how long such price instability may be endured without risking uncontrollable inflation.

Paul Samuelson and Robert Solow wrote in 1959, and it remains true today, that the country has a "menu of policy choices" which involve the balancing of different levels of employment and output against varying degrees of price instability. Those of our people who live on fixed or relatively fixed incomes, those with secure jobs, savings depositors, owners of life insurance and mortgagees, would like to see the balance struck in favor of price stability. The unemployed and all who are troubled about the social costs of unemployment would like to see the balance struck in favor of still higher levels of production and employment. A wage-price policy should seek to lessen the degree of disharmony between full employment and price stability. But the disharmony cannot be avoided completely. Equally important, there is no agreement on the ingredients of a desirable wage-price policy. Technical experts, in time, may be able to resolve to everyone's